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Tajikistan, Republic of

Cotton and Products

Annual

2003

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Report Highlights:

Cotton production could increase to 150 TMT in 2003 due primarily to increased area under cultivation and favorable weather conditions. This will be a 20 TMT increase from the previous year. Tajikistan exports approximately 80 percent of its production and could reach 130 TMT in MY 2003/2004.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Ankara [TU1], TI

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Executive Summary

This year, Tajikistan's cotton harvest may reach almost 150 TMT due primarily to increases in planted area and assuming normal weather conditions. Tajikistan grew about 133,000 MT of cotton in 2002 as a result of a small increase in planted area and better supplies of inputs. The majority of Tajikistan's cotton crop goes for export. In MY 2003/04 cotton exports are expected to increase to 130,000 MT a 20 TMT increase with most going to Europe.

Production

Cotton is the major crop in Tajikistan and serves as an important source of foreign exchange, employment and fiscal revenue. Cotton accounts, on average, for 20 percent of all Tajik exports.

Tajikistan's MY2002/2003 total cotton production was officially reported at 133,000 MT which was 10,400 more than in previous year. This is the result of a 6 percent increase in sown areas and better input supplies which have been provided by the Government of Tajikistan (GOT). The share of long staple cotton in total production increased by 6 percent and currently totals 30,000 MT due to area increases and better yields.

However, the GOT is planning to increase support for production of long-staple cotton due to the higher price it commands in international markets.

Specialists expect Tajikistan's MY2003/04 cotton production will be 150,000 MT of lint due to again anticipated increases in sown areas and assuming normal weather conditions. The sowing season was delayed in the current year due to heavy rains and cold weather in major cotton producing regions. However, farmers in Khatlon oblast have sown about 10,000 hectares of long staple cotton under plastic cover which is becoming more popular in the region. Total cotton area in MY2003/04 is expected to be at 285,000 hectares including 60,000 hectares under long staple cotton.

Table 1. Production Statistics

	1997	1998	1999	2000	2001	2002
Hectares	218,000	247,347	247,800	238,608	257,400	269,200
Seed Cotton (MT)	346,000	383,721	326,590	335,428	452,700	515,478
Gin Ratio	31.8	31.3	28.3	31.8	27.1	25.9
Lint Prod (MT)	110,000	120,000	97,977	105,000	122,600	133,000
Lint yield (MT/Ha)	0.505	0.484	0.395	0.44	0.476	0.494

Consumption

About 80% of all cotton produced in Tajikistan is exported. However, there are two yarn production facilities. One of the facilities is a joint-venture with a U.S. company. The second is still under government control in Dushanbe.

Trade

Despite a drop in export prices, MY 2002/03 cotton exports reached 110,000 MT, due primarily to increased production. Tajikistan's major importers include Germany, Switzerland, Latvia, Iran, Russia and Belorussia. According to the Dushanbe Cotton Exchange, the average export price of cotton decreased during MY 2002/03 by \$166/MT ton and now is reportedly \$884/MT. The GOT still maintains a 10 percent export tax for cotton exports.

Exports of cotton lint in MY 2003/04 are expected to be at 130,000 MT due to anticipated increases of production and share of long staple cotton in total exports.

Stocks

Stocks figures are estimates. Stocks are still considered strategic and no published information is available.

Policy

The GOT is continuing its farm restructuring program which was started in 1998. The implementation of three Presidential Decrees (N244, N247 and N 478) since mid-1998 resulted in the restructuring of 480 out of about 863 state farms as of end-2002. On paper, at least, the farms have been transferred from State control to private, however, the government still maintains strict control of all aspects of production and harvesting. As of March 2003, the 14,000 dekhan (peasant) farms emerged from this process and they are control about 55 percent of total arable land in the country. However, in 2002, 70 percent of cotton is still produced by state and collective farms, compared to 78 percent in 2001. Local authorities, in particular, have resisted further farm privatization because of concern over losing tax revenues should private farmers decide to plant alternative crops. As result, reforms have been slowest in those areas that are the most important cotton producing areas - particularly in the Khotlon oblast. However, even in those oblasts where farms have been privatized, interference by the local authority remains substantial.

Marketing

In 1996, the State trading monopoly was dismantled and split into several privately owned firms. As a result, domestic and international investors became involved in the export of cotton to the Western European markets, which replaced the traditional Russian market. Presently, cotton exporting firms freely negotiate contracts with international cotton buyers. The contracts are registered at the Dushanbe Cotton Exchange, an open joint stock company that provides information about world prices, certifies quality categories, find buyers for residual production, performs some control function such as verifying the correctness of contract prices, and enforces the prepayment of tax and debt obligations. In addition, the Ministry of Agriculture and local authorities register and enforce cotton financing and export commitments.

PSD Table						
Country:	Tajikistan					
Commodity:	Cotton					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	0	0	0	0	0
Area Harvested	257400	257400	260000	269197	0	285000
Beginning Stocks	16700	16700	16800	16800	16800	19800
Production	122600	122600	124000	133000	0	150000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	139300	139300	140800	149800	16800	169800
Exports	102800	102800	103000	110000	0	130000
USE Dom. Consumption	19700	19700	21000	20000	0	22000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	19700	19700	21000	20000	0	22000
Ending Stocks	16800	16800	16800	19800	0	17800
TOTAL DISTRIBUTION	139300	139300	140800	149800	0	169800